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TAGS: [ENRG](#) [TRGY](#) [ETTC](#) [KNNP](#) [PARM](#) [PREL](#) [TSPL](#) [IN](#)
SUBJECT: GOI OFFICIALS SHARE VISIONS OF NUCLEAR NEXT STEPS
WITH NRC CHAIRMAN

Classified By: Science Counselor Satish Kulkarni for Reasons 1.4 (B
and D)

¶1. (C) SUMMARY: In separate meetings, Prime Minister's Special Envoy Shyam Saran, Minister of Science & Technology and Earth Sciences Kapil Sibal, and Principal Scientific Advisor to GOI Dr. R. Chidambaram shared their thoughts on the way forward for the civil nuclear industry with Nuclear Regulatory Committee (NRC) Chairman Klein. The IAEA Safeguard and Liability conventions are in the process of being reviewed. Meanwhile, the short term focus areas for India are acquisition of uranium fuel, building a reprocessing capability, and development of expertise. Upgrading the power grid and privatization will be much longer in coming. End Summary.

CHAIRMAN KLEIN'S MESSAGE

¶2. (U) In all three meetings, Chairman Klein stressed the need for a strong, independent regulatory body. He also highlighted the number of new applications at the NRC, as well as expansion of the NRC to meet increasing demands of internal and import/export activities. Highlighting the longstanding Atomic Energy Regulation Board (AERB)/NRC relationship, Chairman Klein expressed intent to support India's establishment of a nuclear regulatory framework with information and technical exchanges.

FOR IAEA CONVENTIONS AND PRIVATIZATION, DAE HAS THE BALL

¶3. (C) Saran suggested the safeguards agreement should be formalized soon, though he provided no specific timeline. Regarding the Compensation Convention, Saran indicated it was accepted that India should join but that first the Department of Atomic Energy (DAE) would need to prepare a proposal, get the stamp of approval from other agencies, and submit it to the cabinet who could then make a decision. He expected the proposal to be sent to the cabinet within the next several weeks.

¶4. (SBU) Saran, Sibal and Chidambaram all acknowledged the

importance of moving towards inclusion of the private sector in India's civil nuclear industry, though they unanimously indicated political factors stood in the way and that the private sector would not likely own or operate a nuclear plant. Saran suggested that steps to privatization would need to be small - starting with balance-of-plant activities such as computer systems - though that could eventually lead to more involvement with nuclear power generation activities. Chidambaram suggested that only the government corporation possessed the people with experience to deal with the nuclear power issues. Sibal noted that to make the industry financially viable, India would need to rely on indigenous plants, components, and human and manufacturing resources, though they could buy the technology from abroad.

¶15. (C) All three GOI officials were agreed that regulations, inspection and monitoring would become much more important as private companies become involved, and expressed interest in continuing the relationship with the NRC to develop an appropriate framework for India. Saran was encouraged by the close cooperation between NRC and AERB and said he would pass NRC's regulation recommendations to the Prime Minister. However, Saran indicated that the DAE would be in charge of moving forward now that the agreement has been signed.

WEAK SPOTS - URANIUM, PERSONNEL, THE GRID

¶16. (C) India's first priority is to secure fuel to meet the needs of current reactors and to ensure sufficient supply for future activities, according to all three officials. Saran and Chidambaram both pointed to an adequate Uranium supply being essential to establish an effective, expanded first stage for India's three-stage plan for nuclear energy. In trying to make do with less, India set up a small test breeder reactor using a thorium blanket (quantity not specified) and U233, though they had difficulty with U232 content for which they were exploring laser separation. Chidambaram and Sibal said India plans to reduce the shortage in the short term by building a reprocessing facility. Saran expects pressure on Uranium supplies as the rest of the world turns to nuclear energy; consequently, India is in talks with several unidentified countries to secure sufficient supplies for the future.

¶17. (C) Saran claimed India had sufficient personnel trained in nuclear-related fields to meet current needs, and acknowledged that they are unlikely to have adequate personnel or training programs to keep up with demand as the industry expands. To address the issue in parallel with other developments, he said India was contemplating development of a nuclear education program at the Indian Institutes of Technology and would welcome U.S. assistance in this area. According to Chidambaram, the DAE's school recently expanded admission to about 400 students a year, just began granting bachelors degrees in nuclear engineering, and will soon be providing masters and PhDs. He indicated the current strategy was to take a group of chemists, physicists, engineers and other specialties and put them together for nuclear training.

¶18. (SBU) When asked, Saran acknowledged that India's power grid would have to be upgraded significantly to handle any new power produced by nuclear plants. The planning commission is currently working on an internal Integrated Energy Policy document to get a picture of what the demand/supply situation will look like in 2030 and 2050. Looking at likely power components - nuclear, fossil fuel and alternative - and best case/worst case scenarios, the planning commission hopes to improve the grid by identifying future locations, capacities, and distribution networks.

¶19. (C) COMMENT: Despite some concerns about the effect of U.S. elections on implementation, the GOI appears to be very enthusiastic about forging ahead with U.S./India

nuclear collaborations - particularly those involving technology transfer, training and education, and establishing a regulatory framework. Chairman Klein's visit and the positive NRC/AERB relationship, coming on the heels of the 123 Agreement signing, are taken as signs that the U.S. is beginning to see India as more of a strategic partner. Effective engagement of the DAE, which appears to exert significant control over nuclear activities, is likely to be important to open the door for U.S. companies seeking to enter the Indian market once the IAEA Safeguards Framework is implemented. END COMMENT

110. (U) Chairman Klein has cleared this cable.

WHITE